

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0469P

Income Tax

Calendar Years 1995

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the assessment of penalty.

STATEMENT OF FACTS

The taxpayer is a provider of diagnostic testing, information and services for laboratories and patient service centers. The taxpayer was assessed penalty as the result of a 1995 underpayment of gross income tax.

III **Tax Administration** – Penalty

The taxpayer has protested the assessment of penalty. In 1995 the taxpayer acquired a new location in Indiana. The taxpayer states the new location was erroneously coded as being located in Illinois, and that in the preparation of the 1995 tax return, the receipts were reported for Illinois rather than Indiana. Taxpayer further states that for 1996, they became aware of the problem and corrected it accordingly.

While taxpayer admits to becoming aware of the problem in 1996, taxpayer made no attempt to correct the 1995 return which was filed in error. It was not until the completion of the audit in September 2000, that the additional tax due was assessed and subsequently paid by the taxpayer.

The Department finds that the taxpayer failed to properly report Indiana gross income tax for 1995. Further, while the taxpayer became aware the location was miscoded in 1996, the taxpayer did not amend the 1995 return which was filed incorrectly. The taxpayer has failed to show reasonable cause, and the request for penalty waiver therefore, must be denied.

FINDING

The taxpayer's protest is denied.

RW/JS 011901